

Ex-Czech President Václav Klaus Warns We're on the Path to Huxley's "Brave New World"

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"The People Should Say No to All of It" — Ex-Czech President Václav Klaus Warns We're on the Path to Huxley's "Brave New World".

Lockdowns, surveillance, scapegoating of foreign enemies, and monetary and economic insanity

As we get deeper into this crisis and we get used to our "new normal", it's easy to focus on the daily corona-horror stories in the media or the latest shocking unemployment numbers, and lose track of the bigger picture and of what is really, fundamentally important. Even as the lockdown measures begin to get phased out, the scale of the economic damage is unimaginable and the idea of returning to "business as usual" is no longer tenable. **The last couple of months have had a severe impact not just on the economy, but on our societies and geopolitical reality too. These changes are most likely irreversible** and we as citizens and as investors will have to be prepared to deal with this massive shift and all that it entails for a long time.

Amid the panic, the distractions and the hyperbole that are prevalent these days, my own daily task has been an effort to separate the signals from the noise. In order to do so, I've also reached out to the few people whose views and insights I have long found invaluable and who have prioritized critical thought and kept their principles intact throughout this crisis. **Straight talk and direct answers are very hard to come by these days from most Western leaders and institutional figures, this is why I turned to Former President of the Czech Republic, Prof. Ing. Václav Klaus,** who has long been a voice of reason and whose unique perspective is even more important now. In the interview that follows, he shares his views on the current crisis and on what's to come, in a succinct and resolute way and with a directness that is as rare and as it is essential in times like these.

—Claudio Grass (CG): The magnitude and the global scale of the lockdown and shutdown measures we've seen during this corona-crisis are unprecedented. How do you evaluate the response compared to the threat itself? Do you believe it is justified?

Václav Klaus (VK): **I don't pretend to be an expert in epidemiology, but my background in economics and statistics tells me that the threat is smaller than the consequences „organized“ by governments all over the world as a reaction to this pandemic.** I would add unnecessary consequences. **The authorities reacted in an exorbitant way, in a moment of fear. This is partly the result of the current “online democracy“.**

–CG: *The “emergency measures” and the restrictions that have been imposed on civilians’ basic rights have served as a reminder of the true extent of the state’s powers. Do you find this worrying and do you see a risk that these new, extraordinary powers might not be as easy to roll back once the crisis is over?*

VK: The restrictions on basic civil rights that were introduced so swiftly and so easily demonstrate the power of the modern state, with all its new, “smart“ technologies and drastically expanded enforcement capabilities. Economists often talk about the so-called “ratchet effect”, or the limited ability of existing processes and dynamics to be reversed and to return to normal once a specific event has radically altered them. It is true of prices, of productivity and it is also true of social and political systems. Therefore, I am afraid it will be very difficult, if not impossible, to return to the pre-corona days.

–CG: *On an economic level, what is your assessment of the impact of the shutdown measures?*

VK: Most, if not all, of the circulating quantitative estimates and forecasts, are wrong. The “experts” should first say how long the quarantine restrictions will last and when the economic shutdown will be fully lifted. Their economic forecasts depend on the length of the quarantine period. They should announce explicitly when they plan to end it. Until this is established and known, the current forecasts are economically meaningless.

–CG: *The monetary and fiscal interventions that we’ve seen so far are as extreme and as shocking as the shutdown policies themselves. Do you think they’ll be enough to keep the economy afloat though, or is a deep and long recession simply inevitable?*

VK: The monetary and fiscal measures – unacceptable for the true democrats – may have positive short-term effects, but they will destabilize the economy and public finances for a very long period of time. They could lead to very high inflation.

–CG: *Trillions upon trillions are being injected into the system, while wild ideas like the Universal Basic Income have become mainstream. Apart from the obvious monetary and economic risks of these policies, do you also foresee political and social implications?*

VK: Those of us in the ex-communist countries were used to living in a world of something like “Universal Basic Income”. We wanted to get rid of communism because of principles like this. These principles destroyed the motivation to work, which proved to be ruinous.

–CG: *Within just a few weeks we have witnessed an abrupt and absolute turn towards centralization. The free market has been brought to its knees, individual voluntary exchanges,*

productivity and the very right to work and to create were all suspended and replaced with central planning. Do you think this approach has any chance of being sustainable?

VK: I would not call it “central planning” yet. I prefer Walter Eucken’s term (used for the description of the German economy in Hitler’s time), **“centrally administrated economy”**. It is not planning in its original meaning. It is the very heavy and visible hand of the government at work, instead of the “invisible hand” of the market.

–CG: The corona-crisis has also had some very serious geopolitical ramifications, especially vis-à-vis China. What are the main changes that you expect to see going forward in this arena?

VK: We shouldn’t use this situation for the introduction of new dangerous foreign relations policies and to strengthen the demonization of countries such as China and Russia. To my great regret, however, we see this is already happening.

–CG: What about the future of the EU? Do you think this crisis has further weakened it and what is your outlook for the bloc?

VK: The EU will – unfortunately, in my view – survive the corona-crisis. Its exponents will use it to further weaken nation-states. They are on the defensive now, but they will reemerge again in full strength very soon. I wish I’ll be proven wrong, but I do believe they’ll use this crisis to their advantage and I fear they’ll do so successfully.

–CG: Citizens, investors and savers everywhere are justifiably scared, if not of the virus itself then certainly of financial ruin. In your view, what can we do to take back at least some control of our own future?

VK: It’s quite simple. The people should say “NO” to all of it. Otherwise, what lies ahead is a real-life approximation of the dystopian “Brave New World” of Aldous Huxley.

Source: [Claudio Grass](#)